

Presentment Date and Time: December 2, 2022 at 12:00 p.m. EDT

Objection Deadline: November 29, 2022 at 4:00 p.m. EDT

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

CELSIUS NETWORK LLC, *et al.*¹

Debtors.

Chapter 11

Case No. 22-10964 (MG)

(Jointly Administered)

**NOTICE OF PRESENTMENT OF
EXAMINER'S MOTION TO APPROVE AMENDED WORK PLAN**

PLEASE TAKE NOTICE that the Examiner will present the attached *Motion to Approve the Examiner's Amended Work Plan* (the "Motion") to the Honorable Martin Glenn, Chief United States Bankruptcy Judge, for approval and signature on **December 2, 2022, at 12:00 p.m.** Eastern Standard Time (the "Presentment Date").

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

Any responses or objections to the relief requested in the Motion shall: (a) be in writing; (b) conform to the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the Southern District of New York, all General Orders applicable to chapter 11 cases in the United States Bankruptcy Court for the Southern District of New York, and the *Order (I) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals and (II) Granting Related Relief* [Dkt. 521]; (c) be filed electronically with the Court on the docket of *In re Celsius Network LLC*, No. 22-10964 (MG) by registered users of the Court's electronic filing system and in accordance with all General Orders applicable to chapter 11 cases in the United States Bankruptcy Court for the Southern District of New York (which are available on the Court's website at <http://www.nysb.uscourts.gov>); and (d) be served so as to be actually received by **November 29, 2022, at 4:00 p.m.**, prevailing Eastern Time (the "Objection Deadline"), by (i) the entities on the Master Service List available on the case website of the above-captioned debtors and debtors in possession (the "Debtors") at <https://cases.stretto.com/celsius>, and (ii) any person or entity with a particularized interest in the subject matter of the Motion.

PLEASE TAKE FURTHER NOTICE that if no objections or other responses are timely filed and served by the Objection Deadline with respect to the Motion, the Examiner shall, on the Presentment Date, submit the proposed Order Approving the Examiner's Amended Work Plan to the Court, which order the Court may enter without further notice or opportunity to be heard.

PLEASE TAKE FURTHER NOTICE that copies of the Motion and other pleadings filed in these chapter 11 cases may be obtained free of charge by visiting the website of Stretto at <https://cases.stretto.com/celsius>. You may also obtain copies of the Motion and other pleadings

filed in these chapter 11 cases by visiting the Court's website at <http://www.nysb.uscourts.gov> in accordance with the procedures and fees set forth therein.

Dated: November 22, 2022
New York, New York

Respectfully submitted,

JENNER & BLOCK LLP

By: /s/ Vincent E. Lazar

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**UNITED STATES BANKRUPTCY COURT
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In re

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Debtors.

Chapter 11

Case No. 22-10964 (MG)

(Jointly Administered)

EXAMINER'S MOTION TO APPROVE AMENDED WORK PLAN

Shoba Pillay, Examiner in these chapter 11 cases, respectfully requests that the Court approve her proposed Amended Work Plan, attached hereto as **Exhibit A**, and states:

1. On September 14, 2022, the Court entered an order directing the appointment of an Examiner (the "Examiner Order"). [Dkt. 820.]

2. On September 29, 2022, the United States Trustee appointed Shoba Pillay as Examiner and filed a notice of the appointment [Dkt. 920] and the application for the appointment

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[Dkt. 921]. Also on September 29, 2022, this Court entered an order approving the appointment of the Examiner. [Dkt. 923.]

3. The Examiner Order directs the Examiner, within seven business days after her appointment (that is, by October 11, 2022), to propose a work plan and budget, both of which are subject to the Court’s approval on seven days’ notice to all parties that have requested notice in these chapter 11 cases under Bankruptcy Rule 2002. (Examiner Order ¶ 7.)

4. On October 11, 2022, the Examiner filed, in accordance with paragraph 7 of the Examiner Order, her Work Plan [Dkt. 1013-1] (“Original Work Plan”). Under the Examiner Order, the Examiner’s final report will be due 60 days after the filing of her Original Work Plan—i.e., December 10, 2022—absent further order of the Court on notice to all parties. (Examiner Order ¶ 8.) On November 1, 2022, the Court entered an order approving the Examiner’s Original Work Plan. [Dkt. 1261.] The order provides that if the Examiner seeks to materially modify the Work Plan, she will seek approval of any such modification by further order of the Court. (*Id.*)

5. Following the approval of the Original Work Plan, the Court entered three Orders modifying the work the Examiner was directed to do. *First*, the Court directed the Examiner to file an Interim Report by November 19, 2022 addressing certain factual issues related to the claims made by two *ad hoc* groups that the crypto assets held in Celsius-*denominated* Custody and Withhold accounts are property of the account holders, rather than the property of the Debtors’ bankruptcy estates. (*See Joint Stipulation and Agreed Scheduling Order By and Among the Debtors, The Committee, The Ad Hoc Groups With Respect to Custody and Withhold Issues*, Adv. Pro. 22-01142 [Dkt. 12].) *Second*, on November 1, 2022, the Court entered an *Order Approving*

Examiner's Motion to Confirm Examination Scope or Alternatively for Expansion of the Scope of the Examination [Dkt. 1260], which clarified that:

- a. topic (i) in the Examiner Order includes an examination of the Debtors' CEL tokens, including why and how other digital assets were converted into CEL tokens, and how these tokens were marketed, stored, and traded – including whether any of the Debtors' trading practices involving CEL tokens generally or determinations of CEL tokens awarded as part of the Earn Rewards program – impacted their value, and
- b. topic (ii) in the Examiner Order includes an examination of the representations Debtors generally made in public representations to customers to attract them to their platform and about their cryptocurrency holdings and account offerings.

(*Id.* ¶ 7.) Finally, On November 14, 2022, the Court entered a *Stipulation and Agreed Order Modifying Scope of Examiner Order* [Dkt. 1343] (together with the Examiner Order and the November 1, 2022 Order, the “Examination Orders”) under which “[t]he scope of the Examiner’s factual investigation and report is expanded to include an investigation and report on whether the Debtors used new deposits being made by customers to make payments or otherwise meet obligations to existing customers at a time when the Debtors had no other sources (whether liquid or which could have been monetized) from which to make such payments or meet such obligations.” (*Id.* ¶ 1.)

6. On November 19, 2022, the Examiner filed her *Interim Report of Shoba Pillay, Examiner* [Dkt. 1411] (the “Interim Report”), which addressed matters relevant to the Custody and Withhold Issues.

7. As a result of the work that has been performed to date in preparing the Interim Report and in connection with the remaining matters specified in the Examination Orders, the Examiner has been able to gain a better understanding of the quality and extent of the Debtors’

records and record-keeping systems, and limitations on the Debtors' abilities to produce certain financial and other reports. The Examiner also has been able to assess the Debtors' current staffing levels and the constraints on the Debtors' abilities to produce requested information on an expedited basis.

8. Based upon her assessment of the Debtors' record-keeping systems, constraints on the Debtors' abilities to produce requested information on an expedited basis, the updated scope of the examination topics specified in the Examination Orders, and the current status of her investigation, the Examiner does not believe that it will be feasible to provide a Final Report on the remaining examination topics specified in the Examination Orders by December 10, 2022.

9. The Examiner has prepared an Amended Work Plan which takes into account the updated scope of her examination set forth in the Examination Orders, including a revised budget, a copy of which is attached hereto as Exhibit A. The Examiner requests that the Court approve her Amended Work Plan, including her proposal that the deadline for the Final Report be extended to January 17, 2023.

10. In accordance with the Examiner Order, the Trustee has consulted with (a) the United States Trustee; (b) counsel to the Debtors; and (c) the Official Committee of Unsecured Creditors. She also has provided notice of this Motion to the above-named parties and to the 2002 Service List maintained by Stretto in these chapter 11 cases.

WHEREFORE, the Examiner respectfully requests that this Court enter the proposed Order, attached hereto as **Exhibit B**, approving the Examiner's Amended Work Plan and that the Court grant such other and further relief as it deems just.

Dated: November 22, 2022
New York, New York

Respectfully submitted,

JENNER & BLOCK LLP

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